No. 92-114

IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

CARDINAL CHEMICAL COMPANY, a partnership, W.M. QUATTLEBAUM, JR., DOROTHY QUATTLEBAUM, and W.M. QUATTLEBAUM, III, individuals, CARDINAL MANUFACTURING CO., and CARDINAL STABILIZERS, INC.,

Petitioners,

v.

MORTON INTERNATIONAL, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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BRIEF OF AMICUS CURIAE THE FEDERAL CIRCUIT BAR ASSOCIATION IN SUPPORT OF PETITIONERS & RESPONDENTS

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

Table of Authorities Continued

Table of Authorities Continued

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The Federal Circuit Bar Association, with the consent of all parties, submits this brief amicus curiae pursuant to Rule 37.2 of the Rules of this Court in support of the petition for a writ of certiorari.

THE AMICUS AND ITS INTERESTS

The Federal Circuit Bar Association is a national organization with over 1,800 members. Its primary purpose is to improve and facilitate the administration of justice in the United States Court of Appeals for the Federal Circuit.

In its opinion below, *Morton International, Inc. v. Cardinal Chemical Co.*, 959 F.2d 948 (Fed. Cir. 1992), the Federal Circuit outlined a significant rule of jurisprudence when it said:

> Since we have affirmed the district court's holding that the patents at issue have not been infringed, we need not address the question of validity. *Vieau v. Japax, Inc.*, 823 F.2d 1510, 1517 (Fed. Cir. 1987). Accordingly, we vacate the holding of invalidity.

Id. at 952. This means that the Federal Circuit will vacate judgments of patent invalidity unless infringement is found or admitted. It also means, as a logical corollary, that federal district courts should not decide validity without also addressing infringement.

The Federal Circuit Bar Association believes that such a rule will have an enormous impact upon the management and disposition, at both the trial and appellate levels, of patent infringement litigation. Accordingly, it deserves full consideration, in all of its ramifications, by this Court.

SUMMARY OF THE ARGUMENT

The writ should be granted because (1) the Federal Circuit has decided an important question of federal law which has not been, but should be, settled by this

Court, and (2) the decision of the Federal Circuit is in conflict with its own decisions in other cases. Sup. Ct. R. 10.1(a) & (c). *See, e.g., John Hancock Mutual Life Ins. Co. v. Bartels*, 308 U.S. 180, 181 (1939) (certiorari granted because of intracircuit conflict and the importance of the question).

ARGUMENT

I. Introduction

The two fundamental affirmative defenses to a claim of patent infringement are invalidity and noninfringement. 35 U.S.C. § 282. In a perfectly logical sense, when an accused infringer prevails on one of these defenses, the other is moot. Jurisprudence cannot, however, be quite so simple as that. There are several considerations that demand attention in deciding whether to address both issues, or one in favor of the other.

First, there is a strong policy against piecemeal disposition of litigation. *Baltimore S.S. Co. v. Phillips*, 274 U.S. 316, 320 (1927); *Stark v. Starr*, 94 U.S. 477, 485 (1877). This policy would seem to favor deciding both defenses at the trial court level. There is also a strong policy that encourages the identification and adjudication of invalid patents. *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327, 330 (1945). Here, the bias would be in the direction of always deciding the invalidity defense, at both the trial and appellate levels.

Other considerations, although perhaps not so compelling, nonetheless deserve attention. There is the rule of law, announced in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402

U.S. 313 (1971), that a prior determination of patent invalidity may, despite lack of mutuality of estoppel, be asserted as a defense to a subsequent attempt to enforce the patent. Obviously, a reluctance to address invalidity issues at any level of litigation tends to frustrate the *Blonder-Tongue* rule.

And finally, there is a pervasive policy of conservation of judicial resources, *United States v. Stauffer Chemical Co.*, 464 U.S. 165, 172 (1984), which is of course intertwined with the foregoing considerations. It is not always clear how this policy is best served in the context of issue selection. One thing does seem clear, however: a summary judgment of patent invalidity that survives appellate review is likely to conserve judicial resources with regard to that particular patent.

The Federal Circuit has, with little discussion, opted to prioritize this matter of issue selection in favor of the infringement inquiry. Thus, only if an accused infringer is unsuccessful in its defense of noninfringement will the Federal Circuit go on to decide invalidity. More than that, district courts will be discouraged, if not disabled, from deciding invalidity without first addressing infringement. This rule represents a fairly abrupt change in the dynamics of patent infringement case management and may have a palpable impact on the workload of the federal courts. Its ramifications should be thoroughly explored by the Court.

II. Importance of the Question: Impact on Federal Trial Court Management of Patent Infringement Litigation

The Federal Circuit regards the Court's decision in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986),

as having "expanded the group of situations in which summary judgment is appropriate." *Avia Group Int'l, Inc. v. L.A. Gear Calif., Inc.*, 853 F.2d 1557, 1560 (Fed. Cir. 1988). Indeed, the Federal Circuit has "repeatedly emphasized" that summary judgment is as appropriate in a patent case as in any other. *Id.* at 1561. But its rule that validity cannot be decided in the absence of infringement promises to discourage the use of summary judgment as a technique for resolving validity issues.

Federal trial courts frequently invalidate patents on motions for summary judgment without addressing infringement. Such judgments are sometimes simply affirmed by the Federal Circuit,[1] often without published opinions.[2] This was so prior to the formation of the Federal Circuit as well.[3] The considerations discussed here apply equally to non-summary dispo-

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[1] *E.g., Ryko Mfg. Co. v. Nu-Star, Inc.*, 18 U.S.P.Q.2d 1047 (D. Minn. 1990), *aff'd*, 950 F.2d 714 (Fed. Cir. 1991); *Union Carbide Corp. v. American Can Co.*, 558 F. Supp. 1154 (N.D. Ill. 1983), *aff'd*,724 F.2d 1567 (Fed. Cir. 1984).

[2] *Refac Int'l Ltd. v. IBM*, 689 F. Supp. 422 (D.N.J. 1988), *aff'd*, 891 F.2d 299 (Fed. Cir. 1989); *Friction Div. Prod., Inc. v. E.I. DuPont de Nemours & Co.*, 693 F. Supp. 114 (D. Del. 1988), *aff'd*, 883 F.2d 1027 (Fed. Cir. 1989); *Refac Elec. Corp. v. R.H. Macy & Co.*, 9 U.S.P.Q.2d 1497 (D.N.J. 1988), *aff'd*, 871 F.2d 1097 (Fed. Cir. 1989); *Lyle/Carlstrom Assoc., Inc. v. Manhattan Store Interiors, Inc.*, 635 F. Supp. 1371 (E.D.N.Y. 1986), *aff'd*, 824 F.2d 977 (Fed. Cir. 1987); *American Sunroof Corp. v. Cars & Concepts, Inc.*, 660 F. Supp. 1 (E.D. Mich. 1984), *aff'd*, 776 F.2d 1064 (Fed. Cir. 1985).

[3] *E.g., Medical Lab. Automation, Inc. v. Labcon, Inc.*, 500 F. Supp. 54 (N.D. Ill. 1980), *aff'd*, 670 F.2d 671 (7th Cir. 1981); *Clarke v. K-Mart*, 481 F. Supp. 470 (W.D. Pa. 1979), *aff'd*, 639 F.2d 772 (3d Cir. 1980).

sitions, but because summary judgment is an efficient and flexible case management tool, it provides an ideal context for this argument.[4]

A good example is *Union Carbide Corp. v. American Can Co.*, 558 F. Supp. 1154 (N.D. Ill. 1983), *aff'd*, 724 F.2d 1567 (Fed. Cir. 1984). There the defendant brought a motion for summary judgment of invalidity and the plaintiff brought a countermotion for summary judgment of infringement. The district court found the patents invalid and held, logically enough, that "The law is clear that an invalid patent cannot be infringed. * * * Thus, given our holding that defendant has overcome the presumption of validity of the patent and is entitled to summary judgment on the issue of invalidity, plaintiff's motion for summary judgment on the issue of infringement is rendered moot." 558 F. Supp. at 1162-63. The Federal Circuit affirmed without discussing the propriety of having decided validity in the absence of a finding of infringement. 724 F.2d 1567, 1577 (Fed. Cir. 1984).

Under the Federal Circuit's rule in the present case, however, the *Union Carbide* district court acted incorrectly in deciding invalidity without first addressing infringement. Indeed, the Federal Circuit takes just the opposite view: a patent that is not infringed cannot be invalid, and to decide the validity of a

[4] Courts sometimes decide validity but not infringement at or after trial, with or without having formally separated the issues. *E.g.*, *FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521 (Fed. Cir. 1987); *Surface Technology, Inc. v. United States ITC*, 801 F.2d 1336 (Fed. Cir. 1987). Bifurcation of validity and infringement issues for trial is probably done much less frequently than entertaining a motion for summary judgment on a single issue, however.

patent that has not been shown to be infringed is to decide a moot point. Given this reasoning, why then should a district court ever look at validity without having first assessed and found infringement? If there is no infringement the case can be dismissed without more.

There is absolutely no logical difference between a judgment of invalidity rendered without looking at infringement and one rendered either with a companion finding of noninfringement or an accompanying holding of infringement that is reversed on appeal. To construct such a difference would be to inject too much chance into the ultimate determination of which patents are scrutinized for invalidity. To label the first as an actual controversy and the latter as moot simply ignores the realities of litigation management at the trial court level. There can be any number of reasons why a district judge chooses to decide or ignore infringement, and an inquiry into the validity of the patent should not be permitted or forbidden as a function of that choice.

III. Conflicting Decisions: Internal Inconsistencies in Federal Circuit Jurisprudence

The decisions of the Federal Circuit do not reflect a consistent approach to the important question presented here. Its decision in *Vieau v. Japax, Inc.*, 823 F.2d 1510 (Fed. Cir. 1987), appears to be the first in which it faced the matter squarely. But both before and after *Vieau* it has continued to affirm[5] or

[5] *Environmental Instr., Inc. v. Sutron Corp.*, 877 F.2d 1561 (Fed. Cir. 1989), *Medtronic Inc. v. Intermedics, Inc.*, 799 F.2d 734 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1033 (1987); *Eaton Corp. v. Appliance Valves Corp.*, 790 F.2d 874 (Fed. Cir. 1986);

reverse[6] invalidity holdings, rather than simply vacate them, in cases where the infringement issue was either decided adversely to the patentee or was not addressed at all. In each of those cases, under the *Vieau* rationale, the invalidity portion of the judgment should have been vacated as moot.

It is one thing to find such cases prior to the *Vieau* decision, but it is quite another to see them persisting after *Vieau*. For example, in *Tol-O-Matic, Inc. v. Proma Produckt-Und Marketing GmbH*, 945 F.2d 1546 (Fed. Cir. 1991), the declaratory judgment plaintiff was successful below on noninfringement, invalidity, and unenforceability. On appeal, the noninfringement portion of the judgment was affirmed, but instead of vacating the remainder, the court reversed. And in *Environmental Instruments, Inc. v. Sutron Corp.*, 877 F.2d 1561 (Fed. Cir. 1989), the patent owner announced on the eve of trial that it was not pressing its claim for infringement of one of the patents in suit; that patent was held invalid and the judgment of invalidity was affirmed on appeal.

It is not possible to rationalize these decisions in light of the holding of the Federal Circuit in the present case. Normally, the prudential exercise of

Standard Oil Co. v. American Cyanamid Co., 774 F.2d 448 (Fed. Cir. 1985); *Stearns v. Beckman Instr., Inc.*, 737 F.2d 1565 (Fed. Cir. 1984); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed. Cir. 1983).

[6] *Tol-O-Matic, Inc. v. Proma Produckt-Und Mktg. GmbH*, 945 F.2d 1546 (Fed. Cir. 1991); *Stewart-Warner Corp. v. City of Pontiac, Mich.*, 767 F.2d 1563 (Fed. Cir. 1985); *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437 (Fed. Cir. 1984); *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572 (Fed. Cir. 1984).

certiorari jurisdiction might indicate that this Court should await the Federal Circuit's own recognition of and cure for its internal conflicts. Here, however, the jurisprudence of that court reflects two diverging lines of decision—one (as in *Vieau* and the present case) representing what the court says should be done, and one (as in *Tol-O-Matic* and *Environmental Instruments*) representing what is often actually done. The Federal Circuit has shown no signs of an intention to deal with this divergence; indeed, it declined suggestions for rehearing in banc on May 7, 1992.

CONCLUSION

For the reasons set forth in the dissent of Chief Judge Nies from the orders declining suggestions for rehearing in banc (Petition for Writ of Certiorari, App. B, pp. 16a-31a), and for all the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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